Eunice, Louisiana

Financial Report

Years Ended August 31, 2006 and 2005

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8/22/07

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(A Corporation of Certified Public Accountants)

Independent Auditor's Report

Eugene H. Darnall CPA Retired 1990 Paula D. Bihm. CPA. Deceased 2002

E. Larry Sikes, CPA, CVA, CFP Danny P. Frederick, CPA laytor F. Darnall, CPA, CVA Eugene H. Darnall, III, CPA Clayton E Stephanic M. Higginbothani, CPA John P. Armato, CPA J. Stephen Gaides, CPA, CVA Jennifer S. Ziegler, CPA, CFP Chris A. Miller, CPA, CVA Stephen R. Dischler, MBA, CPA Steven G. Moosa, CPA M Rebecca Gardes CPA Pameta Mayoux Bouin, CPA, CVA Joan B. Moody, CPA Erich G. Loewer, III. MTX CPA Lauren V. Hebert, CPA

> Kathleen T. Dainall, CPA Raegan D. Maggio, CPA Barbara A. Clark, CPA Michelle M. Bellard CPA Jeremy C. Meaux, CPA Kevin S. Young, CPA Barbain Ann Watis, CPA Adam J Curry, CPA Chad M. Bailey CPA Carol C. Guillory, CPA Christy S Dew, CPA Heather N. Clement, CPA Victoria M. LaPrairie, CPA Emily J LeBocuf. CPA Rachel W. Ashlord. CPA

The Board of Directors Eunice Student Housing Foundation, Inc. Eunice, Louisiana

We have audited the accompanying financial statements of the Eunice Student Housing Foundation, Inc. (a nonprofit organization), as of and for the years ended August 31, 2006 and 2005, as listed in the table of These financial statements are the responsibility of the Foundation's management. responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Eunice Student Housing Foundation, Inc. as of August 31, 2006 and 2005, and changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated February 14, 2007, on our consideration of Eunice Student Housing Foundation, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters.

125 Rue Beauregard Lafayette, LA 70508 Phone 337,232,3312 Fax: 337,237,3614

Our audits were performed for the purpose of forming an opinion on the basic financial statements of Eunice Student Housing Foundation, Inc. taken as a whole. The supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Management's discussion and analysis, supplementary information required by the Governmental Accounting Standards Board, is not a required part of the basic financial statements. The Foundation has not presented this information as part of the financial report for the fiscal year ended August 31, 2006.

Davnall, Sikes, Gardes & Frederick

A Corporation of Certified Public Accountants

Eunice, Louisiana February 14, 2007 BASIC FINANCIAL STATEMENTS

# Statements of Net Assets August 31, 2006 and 2005

# **ASSETS**

	2006	2005
ASSETS Cash Rents and fees receivable, net	\$ 106,840 16,975	\$ 33,948 47,378
Interest receivable Cash - restricted	7,838 95,855	7,838 95,135
Investments - restricted for debt service, at fair market value Prepaid expenses	613,114 3,904 844,526	652,999 2,820 840,118
PROPERTY AND EQUIPMENT, at cost Less: accumulated depreciation	5,294,666 (715,511) 4,579,155	5,294,666 (538,524) 4,756,142
OTHER ASSETS Loan costs, net of amortization	228,421	237,207
TOTAL ASSETS	\$ 5,652,102	\$ 5,833,467
LIABILITIES AND NET ASSETS		
LIABILITIES	\$ 63,718	\$ 4,292
Cash overdraft Accounts payable	\$ 63,718 47,945	82,002
Accrued interest payable	258,572	258,125
Management fees payable	86,344	64,031
Deferred rent revenue	122,212	79,279
Current maturities of revenue bonds	30,000	15,000
Security deposits	42,254 651,045	28,529 531,258
Revenue bonds payable	6,955,000	6,985,000
Unamortized discount	(298,787) 6,656,213	(301,606) 6,683,394
TOTAL LIABILITIES	7,307,258	7,214,652
NET ASSETS		
Invested in capital assets, net of debt	(2,107,058)	(1,942,252)
Restricted	660,016	706,642
Unrestricted	(208,114)	(145,575)
Total net assets (deficit)	(1,655,156)	(1,381,185)
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,652,102</u>	<u>\$ 5,833,467</u>

See accompanying notes.

# Statement of Revenues, Expenses and Changes in Fund Net Assets Years Ended August 31, 2006 and 2005

	2006	2005
SUPPORT AND REVENUES Apartment rent Fee income Interest income Miscellaneous Total support and revenue	\$ 680,016 35,450 12,807 4,371 732,644	\$ 603,818 36,274 16,342 3,153 659,587
OPERATING, GENERAL, AND AND ADMINISTRATIVE EXPENSES	1,006,615	1,089,411
DECREASE IN NET ASSETS	(273,971)	(429,824)
NET ASSETS (DEFICIT), beginning	(1,381,185)	(951,361)
NET ASSETS (DEFICIT), ending	<u>\$(1,655,156)</u>	\$(1.381.185)

# Statements of Cash Flows Years Ended August 31, 2006 and 2005

	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES  Decrease in net assets	\$ (273,971)	\$ (429,824)
Adjustments to reconcile decrease in net assets		
to net cash used by operating activities:		
Depreciation and amortization	188,592	190,962
Increase (decrease) in:		0.500
Rent and fees receivable	30,403	9,702
Interest receivable	-	(874)
Prepaid expenses	(1,084)	1,927
(Increase) decrease in:	(0.4.0.57)	77.050
Accounts payable	(34,057)	77,059
Interest payable	447	- 01.7(1
Management fees payable	22,313	21,761
Deferred rent revenue	42,933	6,924
Security deposits payable	13,725	954
Net cash used by operating activities	(10,699)	<u>(121,409)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of interest bearing deposits	39,885	132,245
Net cash provided by investing activities	39,885	132,245
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds (repayment) of cash overdraft	59,426	(40,588)
Repayment on long term debt	(15,000)	<u>-</u> _
Net cash provided (used) by financing activities	44,426	(40,588)
Net increase (decrease) in cash and cash equivalents	73,612	(29,752)
CASH AND CASH EQUIVALENTS, beginning of year	129,083	158,835
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 202.695</u>	<u>\$ 129.083</u>
Reconciliation of cash and cash equivalents per statements of cash flows to the balance sheets:		
Cash and cash equivalents, end of year	<b>6</b> 100010	e 22.040
Cash - unrestricted	\$ 106,840	\$ 33,948
Cash - restricted	95,855	95,135 \$ 129.083
Total cash and cash equivalents	<u>\$ 202,695</u>	<u>a 127,003</u>
SUPPLEMENTAL DATA		
Interest paid	<u>\$ 516,250</u>	<u>\$ 516.250</u>

Notes to Financial Statements

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Organization and Nature of Operations

The Eunice Student Housing Foundation, Inc. (The Foundation) is a not-for-profit organization as outlined in the Internal Revenue Code Section 501(c)(3). The Foundation provides student housing on the campus of Louisiana State University at Eunice, Louisiana, known as Bengal Village. The Bengal Village apartment complex consists of 58 units and is managed by Century Development Housing Management, L.P. (Century). The management agreement commenced August 1, 2002 for a term of 15 years through July 31, 2017. Thereafter, the agreement shall be automatically renewed annually unless terminated. All personnel employed in the leasing, management, maintenance and operation of Bengal Village are employees of Century.

#### Reporting Entity

GASB Statement No. 14, The Reporting Entity, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this statement, the Foundation is considered a component unit of the Louisiana State University System. As a component unit, the audited financial statements of the Eunice Student Housing Foundation will be included in the basic financial statements of the Louisiana State University System, a component unit of the State of Louisiana, and in the basic financial statements of the Louisiana State University at Eunice for the year ended June 30, 2006. The accompanying financial statements present information only on the funds maintained by the Eunice Student Housing Foundation.

#### Basis of Accounting

The Foundation utilizes the proprietary fund method of accounting whereby revenues and expenses are recognized on the accrual basis of accounting in accordance with generally accepted accounting principles.

#### Basis of Presentation

The accompanying financial statements of the Foundation have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Boards (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

#### Notes to Financial Statements

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Depreciation

Depreciation is calculated over the estimated useful lives of the respective assets using the straight-line method.

#### Maintenance, Capitalization, and Disposal Policies

Repairs and maintenance are expensed as incurred. Expenditures incurred in the construction or that increase the value or productive capacity of assets are capitalized. When property and equipment are retired, sold, or otherwise disposed of, the asset's carrying amount and related accumulated depreciation are removed from the accounts and any gain or loss is included in operations.

#### Statement of Cash Flows

For the purpose of the statement of cash flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid interest-bearing deposits with a maturity of three months or less when purchased.

#### Use of Estimates

Preparation of The Foundation's financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### NOTE 2 TAX STATUS

The Foundation is accorded tax-exempt status under the Internal Revenue Code Section 501(c)(3). It is also exempt from Louisiana income tax. Accordingly, no provision is required for income taxes.

The Foundation is not a private foundation as determined under Section 509(a) of the Internal Revenue Code.

# Notes to Financial Statements

# NOTE 3 CASH AND CASH EQUIVALENTS

	2006	2005
Cash overdraft: J. P. Morgan Chase - operating	<u>\$ (63,718)</u>	\$ (4,292)
Unrestricted: Petty cash St. Landry Bank - rental deposits Bank of New York Trust Co. of Florida: Operating expense Security deposits Total unrestricted cash	\$ 300 34,324 3 72,213 106,840	\$ 300 25,622 3 8,023 33,948
Restricted: St. Landry Bank - security deposits Bank of New York Trust Co. of Florida: Capital reserve Principal Account  Total restricted cash and cash equivalents  Total cash and cash equivalents	48,953 16,902 30,000 95,855 \$ 202,695	41,492 16,316 37,327 95,135 \$ 129,083
	Bank Balance	Bank Balance
Unrestricted: J. P. Morgan Chase - operating St. Landry Bank - rental deposits Bank of New York Trust Co. of Florida: Operating expense Security deposits Total unrestricted cash	\$ 16,954 1,668	\$ 7,888 25,406 3 8,023 41,320
Restricted: St. Landry Bank - security deposits Bank of New York Trust Co. of Florida: Capital reserve Principal Account Total restricted cash	48,720 16,902 30,000 95,622	41,492 16,316 37,327 95,135
Total cash and cash equivalents	<u>\$ 186,460</u>	<u>\$ 136,455</u>

#### Notes to Financial Statements

#### NOTE 4 RESTRICTED INVESTMENTS

	2006	2005
Investments:  Bank of New York Trust Co. of Florida:  Debt Service Trust Fund-US Treasury Notes  Debt Service Trust Fund-Fidelity US Treasury	\$ 355,542 257,572 \$ 613,114	\$ 522,188 130,811 \$ 652,999
Investments:	Bank Balance 2006	Bank Balance 2005
Bank of New York Trust Co. of Florida:  Debt Service Trust Fund-US Treasury Notes Debt Service Trust Fund-Fidelity US Treasury	\$ 358,462 257,572	\$ 522,188 130,811
	<u>\$ 616,034</u>	\$ 652,999

#### NOTE 5 LOAN COSTS

Loan costs are being amortized over 30 years. Amortization expense totaled \$8,785 for August 31, 2006 and 2005.

#### NOTE 6 NET DEFICIT

Management is addressing the deficit and had increased rental rates by 6% during the 2005-06 fiscal year. Although rent revenue has increased by 13% during the current year, it has not yet achieved budgeted amounts. Management is continuing its efforts to decrease the deficit and has increased rental rates by 4% and 5% for 4 bedroom and 2 bedroom units, respectively, for the 2006-07 fiscal year.

#### NOTE 7 PROPERTY AND EQUIPMENT

Category	Cost	Estimated Useful Lives
Building	\$ 4,361,642	40 years
Streets, sidewalks and pool	352,064	40 years
Fences, gates & signs	109,255	15 years
Interior fixtures	47,931	5 years
Furniture & lighting	321,890	10 years
Office equipment	24,178	5 years
Equipment	77,706	10 years
Total depreciable assets	5,294,666	•
Less: Accumulated depreciation	(715,511)	
Net depreciable assets	\$ 4,579,155	

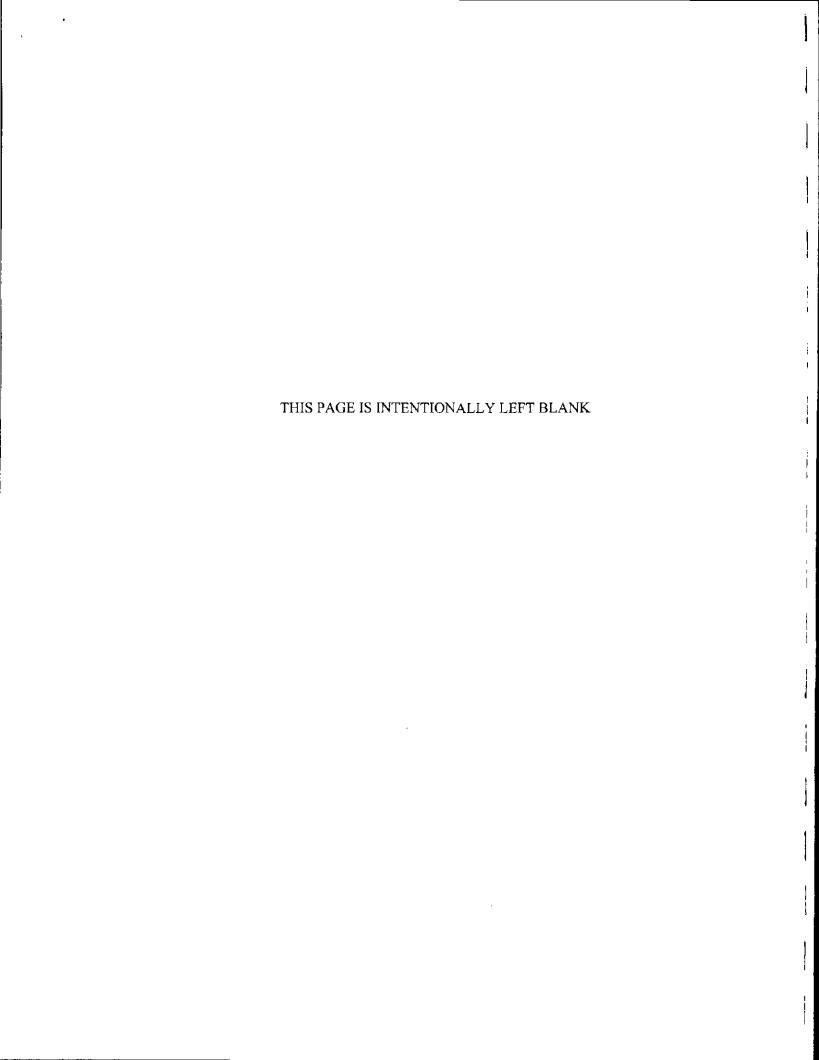
#### Notes to Financial Statements

## NOTE 8 LONG TERM DEBT

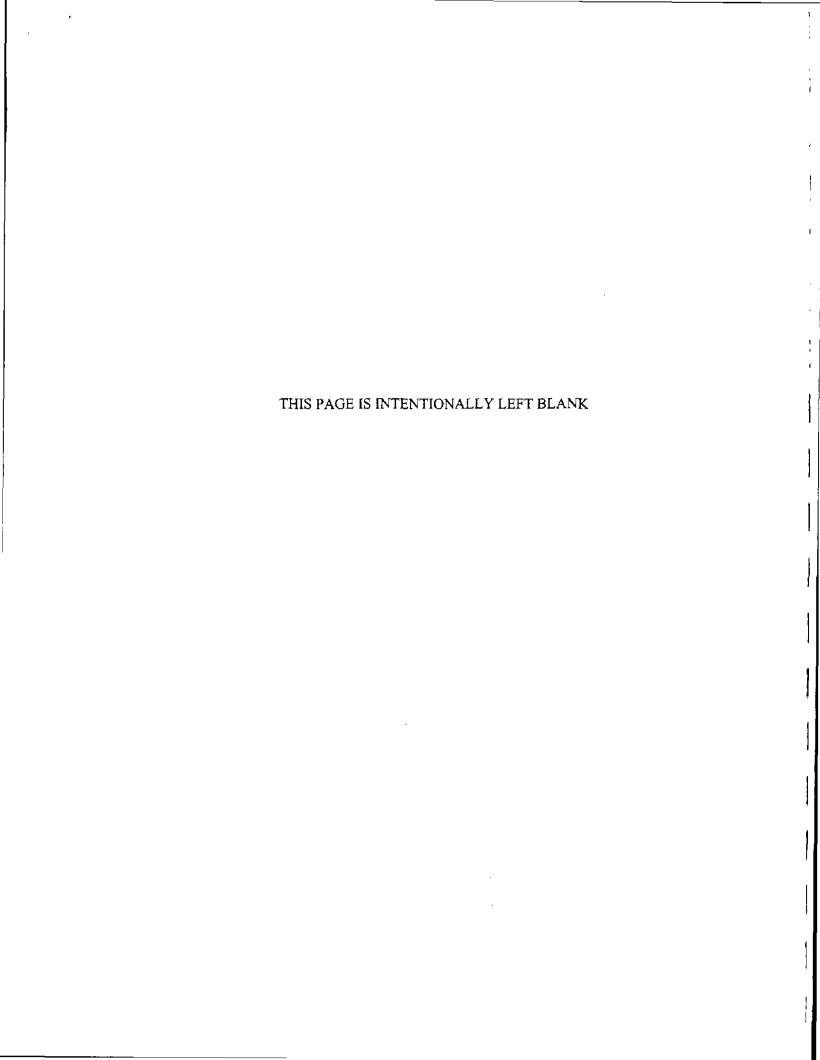
	2006	2005
Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds Services 2002, issued January 1, 2002, at a coupon rate of 7.375%, principal payments beginning September, 2005 with final payment due September, 2033. Proceeds of bond utilized for construction, improvement and equipping student housing at LSUE.	\$6,985,000	\$7,000,000
Less current maturities	30,000	15,000
	\$6.955.000	\$6.985.000

The annual requirements to amortize debt outstanding at August 31, 2006, including interest payments are as follows:

August 31,	<u>Principal</u>	Interest
2007	\$ 30,000	\$ 514,038
2008	50,000	511,088
2009	70,000	506,663
2010	90,000	500,763
2011	110,000	493,388
Thereafter	6,635,000	7,096,407
Total principal payments	<u>\$6,985,000</u>	\$ 9.622.347



INTERNAL CONTROL AND COMPLIANCE





(A Corporation of Certified Public Accountants)

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards Eugene H Darnall, CPA, Retired 1990
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J Stephen Gardes, CPA, CVA
Jenuffer S, Zieglei, CPA, CFP
Chris A Miller, CPA, CVA
Stephen R, Dischler, MBA, CPA
Steven G, Monsa, CPA
M, Rebecca Gardes, CPA
Pamela Mayeux Bonin, CPA, CVA
Joan B, Moody, CPA
Lauren V, Hebert, CPA

Kathicen J. Darnall, CPA
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Victoria M. LaPrairie, CPA
Emily J. LeBoeuf, CPA
Rachel W. Ashford, CPA

The Board of Directors
Eunice Student Housing Foundation, Inc.
Eunice, Louisiana

We have audited the financial statements of Eunice Student Housing Foundation, Inc. (a nonprofit organization), as of and for the year ended August 31, 2006, and have issued our report thereon dated February 14, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Eunice Student Housing Foundation, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control structure over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Eunice Student Housing Foundation, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

125 Rue Beautigard

American Institut

125 Ruc Beautegard Lafayette, LA 70508 Phone: 337,232 3312 Fax: 337,237,3614

Eurice, LA 70535 Phone 337 457 4146 Fax: 337 457,5060 Suife 301 Murgan City, LA 70380 Phone 985,384-6264 Fax 985-384,8140 203 S. Jefferson Street Abbeville, LA 70510 Phone: 335-893-5470 Fax 337,893,5470 American Institute of Certified Public Accountants Society of Louistana Certified Public Accountants This report is intended solely for the information and use of the Board of Directors, management, others within the organization, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than those specific parties. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Davnall, Siker, Garder & Trederick

A Corporation of Certified Public Accountants

Eunice, Louisiana February 14, 2007

Summary of Prior Year Findings Year Ended August 31, 2006

There are no prior year findings.

#### Schedule of Findings and Questioned Costs Year Ended August 31, 2006

#### Part I Summary of Auditor's Results

FINANCIAL STATEMENTS

#### Auditor's Report - Financial Statements

An unqualified opinion has been issued on Eunice Student Housing Foundation, Inc.'s financial statements as of and for the year ended August 31, 2006.

#### Reportable Conditions - Financial Reporting

There were no reportable conditions in internal control over financial reporting disclosed during the audit of the financial statements.

#### Material Noncompliance or Other Matters-Financial Reporting

There were no instances of noncompliance or other matters material to the financial statements disclosed during the audit of the financial statements.

#### FEDERAL AWARDS

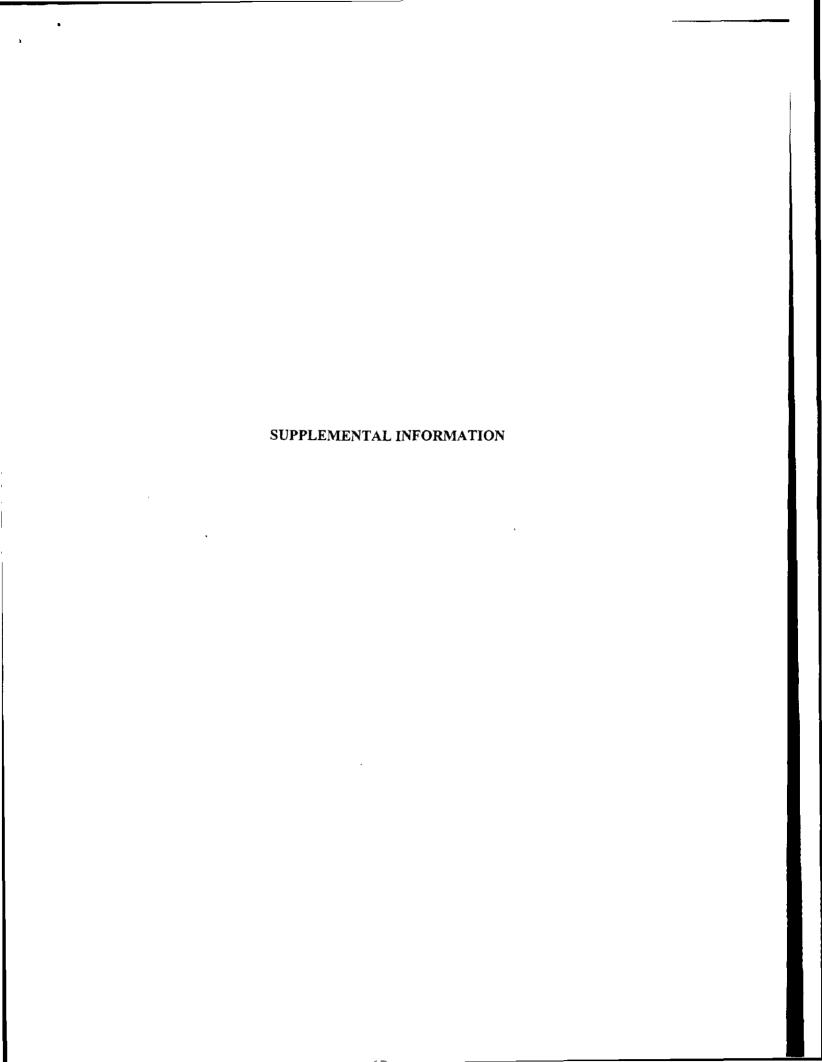
This section is not applicable for the fiscal year ended August 31, 2006.

# Part II Findings Relating to an Audit in Accordance with Government Auditing Standards

There were no reportable conditions or instances of material noncompliance noted during the audit.

#### Part III Findings and Questioned Costs Relating to Federal Programs

This section is not applicable for the fiscal year ended August 31, 2006.



# Schedules of Operating, General and Administrative Expenses Years Ended August 31, 2006 and 2005

	2006	2005
Advertising	\$ 11,368	\$ 14,447
Amortization expense	8,785	8,785
Bad debt expense	41,046	69,963
Contract services	1 <b>5,9</b> 16	28,405
Depreciation expense	176,988	179,508
Employee benefit	129	866
Insurance	7,867	13,887
Interest expense	518,963	518,919
Management fee	42,859	47,149
Meals and entertainment	825	710
Miscellaneous	6,930	7,192
Office expense	4,770	4,661
Payroll taxes	3,999	5,677
Postage	3,179	4,370
Professional fees	5,318	8,739
Repair and maintenance	14,598	15,709
Salaries	64,420	80,465
Supplies	3,023	2,882
Telephone	7,647	11,931
Training	784	÷
Travel	4,104	3,126
Trustee fee	-,20,	6,612
Uniforms	87	277
Utilities	63,010	<u>55,131</u>
	\$1.006.615	\$1.089.411